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Message Text

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PAGE 01 NEW DE 07119 171647Z
ACTION NEA-10

INFO OCT-01 ISO-00 EB-07 COME-00 NEAE-00 /018 W
----------171747Z 042589 /50
P 171307Z MAY 77
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC PRIORITY 3453
INFO AMCONSUL BOMBAY
AMCONSUL CALCUTTA
AMCONSUL MADRAS

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E.O. 11652: NA
TAGS: ETRD BTRV US IN
SUBJECT: WESTINGHOUSE GAS TURBINE BID

REF: STATE 111753

1. COMMERCIAL COUNSELOR REVIEWED STATUS OF PROJECT WITH V. KRISHNA-MURTHY, CHAIRMAN, BHEL ON MAY 13 AND WITH H.N. SHARAN, DIRECTOR, ENGINEERING, BHEL ON MAY 17. WESTINGHOUSE IS CORRECT THAT FIELD HAS BEEN NARROWED TO ITSELF, KMU AND BBC. FURTHER DISCUSSIONS BE-TWEEN BHEL AND ALL THREE COMPANIES WILL BE HELD THIS AND NEXT WEEK AND BHEL HOPES TO MAKE ITS RECOMMENDATIONS TO GOI BY THE END OF THE MONTH.

2. SHARAN CONFIRMS THAT REUIREMENT IS FOR THREEUNITS OF 15 MEGA-WATTS FOR ASSAM; 4 UNITS TOTALING NOT MORE THAT 100 MEGAWATTS FOR KARNATAKA;AND 4 TO 6 UNITS TOTALING 240 MEGAWATTS FOR MAHARASHTRA. THE REQUIREMENT IS FOR THE STATE ELECTICITY BOARD OF EACH STATE AND BHEL IS, IN EFFECT, ACTING AS THE AGENT. THE REQUIREMENTS ARE URGENT FOR KARNATAKA NAD MAHARASHTRA.

3. SHARAN CONFIDED THAT WASTINGHOUSE IS VERY MUCH IN THE RUNNING BECAUSE OF ITS EXCELLENT SMALL-SIZED TECHNOLOGY, IN ITS EVAL-
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UATION, BHEL WILL DECIDE WHETHER TO SPLIT THE ORDER OR PLACE THE ENTIRE BUSINESS WITH ONE COMPANY. SHARAN STRESSED THAT WESTINGHOUSE INTENTIONS TO WORK WITH BHEL IN THIRD COUNTRY PROJECTS WAS AN IMPORTANT FACTOR. HE HOPED AND ARRANGEMENT COULD BE CONCLUDED ALONG THE LINES THAT BHEL HAS WITH COMBUSTION ENGINEERING. THIS IS A LICENSING AGREEMENT CALLING FOR ROYALTIES ON DOMESTIC BUSINESS PLUS ADDITIONAL ROYALTIES

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ON EXPORT BUSINESS AND TO WHICH BHEL INVARIABLY POINTS AS A MODEL AGREEMENT.

4. SHARAN NOTED THAT WESTINGHOUSE IS IN FACT AT A DISADVANTAGE BECAUSE OF THE DROBOT AFFAIR. HE SAID THE COMPANY'S PAST MISDEEDS NO DOUBT WOULD BE DISCUSSED IN THE EVALUATION AND WITHIN THE GOI BUT HE HOPED THAT IF THE WESTINGHOUSE PROPOSAL WAS THE BEST TECHNICALLY AND ECONOMICALLY THAT STEPS COULD BE TAKEN TO OFFSET THE PROBLEM. HE SUGGESTED THAT A STATEMENT FROM THE COMPANY AT AN APPROPRIATE TIME TO THE EFFECT THAT THE COMPANY IS PURSUING A NEW CODE WITH RESPECT TO BUSINESS ETHICS AND THAT IT INTENDS TO BE A GOOD INTERNATIONAL CORPORATE CITIZEN WOULD BE HELPFUL. PAST EXPERIENCE WITH OTHER PROJECTS INDICATE THAT THE COMPETITION WILL PLAY ON THIS PROBLEM IF BHEL RECOMMENDS WESTINGHOUSE. WE NOTE ALSO THAT WHILE THE TAX EVASION CASE IS RESOLVED, THE PROBLEMS OF DROBOT'S ILLEGAL FOREIGN EXCHANGE TRANSFERS REMAIN. ALSO DROBOT'S PERSONAL TAX PROBLEMS ARE UNRESOLVED AND PAYMENTS FOR BACK CORPORATE TAXES HAVE NOT ACTUALLY BEEN MADE ALTHOUGH THIS SHOULD HAPPEN SHORTLY.

5. WITH THE APPOINTMENT OF KRISHNAMURTHY AS SECRETARY FOR HEAVY INDUSTRY, SHARAN WILL MAKE THE FINAL DECISION ON THE BHEL RECOMMENDATION. KGSHNAMURTHY, FERNANDEZ, AS SECRETARY FOR FINANCE (EXPENDITURES), AND Y.TGSHAH, WHO REMAINS AS SECRETARY

FOR POWER FOR THE NEXT MONTH, WILL PROBABLY MAKE THE FINAL DECISION FOR THE GOI. IN THE VIEW OF SHARAN, BECAUSE OF THE URGENCY OF THE REQUIREMENT AND THE FACT THAT MINISTERS WILL BE OCCUPIED BY ELECTION, THE SUBSTANTIVE DECISION WILL PROBABLY
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BE MADE AT SECRETARY LEVEL.

6. IN HIS CONVERSATIONS WITH KRISHNAMURTHY AND SHARAN, COMMERCIAL COUNSELOR STRESSED THE IMPORTANCE THAT THE USG ATTACHES TO WESTINGHOUSE OBTAINING THIS BUSINESS. HIS IMPRESSION FROM BOTH KRISHNAMURTHY AND SHARAN IS THAT THE COMPANY HAS A VERY GOOD CHANCE TO OBTAIN PART OF IT.

7. WE WILL CONVEY THE SUBSTANCE OF THE ABOVE TO WESTINGHOUSE REPRESENTATIVES AS THEY APPEAR ON THE SCENE.
SCHNEIDER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Disposition Date: 22 May 2009
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TAGS: ETRD, BTIO, US, IN, WESTINGHOUSE
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